

Message Text

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12
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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INFO AMEMBASSY BONN
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AMEMBASSY ROME
AMCONSUL ANTWERP

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E.O. 11652: N/A
TAGS: PINT, BE
SUBJECT: CONSUMER PRICE INDEX -LABOR WINS 2 OUT OF 3

REF: BRUSSELS 8789

1. SUMMARY

CONCERTED UNION ACTION TO PROTEST "MANIPULATED" COST OF LIVING INDEX (REFTEL) WAS AVERTED BY GOVERNMENT DECISION SEPTEMBER 16 TO RESTOR ORIGINAL CIP, WITH SPECIFIC COMPENSATION ONLY FOR RECIPIENTS OF "SUBSTITUTE INCOME" BENEFITS. AT MODEST COST, GOVERNMENT ASSUME ATTRACTIVE POSTURE: CONCILIATORY, FIRM, COMPASSIONATE. END SUMMARY

2. THREATENED FGTB-CSC ACTION TO PROTEST "NAIFPULATION" OF CONSUMER PRICE INDEX (REFTEL) HAS BEEN AVERTED. FOLLOWING EIGHT-HOUR
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MEETING WITH TRADE UNION AND EMPLOYER REPRESENTATIVES,

GOVERNMENT ON SEPTEMBER 16 ANNOUNCED TRI-PARTITE ACCORD ON FOLLOWING POINTS: (1) ITEMS REMOVED FROM CONSIDERATION IN COMPUTING CPI FOR JULY AND AUGUST ARE RESTORED, EFFECTIVE SEPTEMBER 1. (2) WITHIN THE COMING SEVERAL MONTHS THERE WILL BE NO REVISION OF THE INDEX. (3) NO COMPENSATION TO WORKERS FOR WAGE INDEXATION LOSSES RESULTING FROM JULY-AUGUST ADJUSTMENTS. BUT PERSONS LIVING ON "SUBSTITUTE INCOMES"-SUCH AS DISABLE, THE UNEMPLOYED, THOSE ON WELFARE, ETC - WILL BE FULLY COMPENSATED FOR BENEFIT LOSSES ATTRIBUTABLE TO JULY-AUGUST ADJUSTMENTS. THIS GROUP WILL RECEIVE THE COST OF LIVING INCREMENT WHICH-UNDER THE ORIGINAL INDEX-COULD BE EXPECTED IN OCTOBER. (4) GOVERNMENT, LABOR AND MANAGEMENT ARE TO MEET SHORTLY TO CONSIDER MEASURES FOR 1977 TO ASSURE PURCHASING POWER, EMPLOYMENT, THE COMPETITIVE POSITION OF BELGIAN PRODUCTS IN FOREIGN MARKETS.

3. IN SUBSEQUENT PRESS INTERVIEW GOVERNMENT SPOKESMAN INDICATED THAT, ON THE ORIGINAL SYSTEM, THE CPI FOR SEPTEMBER WILL PROBABLY REGISTER AN INCREASE SUFFICIENT TO TRIGGER A 2 PERCENT WAGE INCREASE IN NOVEMBER, AND THAT, IN THE PRIVATE SECTOR, NEGOTIATED COMPENSATION FOR JULY-AUGUST LOSSES WERE "NOT EXCLUDED". SPOKESMAN ALSO MADE IT CLEAR THAT FURTHER AMENDMENT OF THE CPI WAS NOT RULED OUT. CONCERN WAS EXPRESSED THAT, FOLLOWING THE ELECTIONS IN GERMANY, THERE MIGHT BE A MOVE TO REVALUE THE D-MARK-AN EVENTUALITY WHICH COULD IMPACT SHARPLY ON BELGIAN IMPORTS, AND ON THE COST OF LIVING.

4. IN COMMENTING ON SETTLEMENT, FGTB SECRETARY GENERAL DE BUNNE SERVED ADVANCE NOTICE THAT HIS UNION WILL NOT ACCEPT EXTENSION BEYOND JANUARY 1 OF RECOVERY ACT RESTRICTIONS ON COLLECTIVELY BARGAINED WAGE INCREASES.

5. COMMENT.
LABOR WON TWO OF ITS THREE BASIC DEMANDS. (SUBSEQUENT TO REFTEL, THE UNIONS HARDENED THEIR STANCE AGAINST REVISION OF THE INDEX.) FAILURE TO OBTAIN BLANKET COMPENSATION FOR THE JULY-AUGUST LOSSES FINDS A PSYCHOLOGICAL OFFSET IN THE PROSPECT OF A NOVEMBER COL INCREASE, PLUS THE LIMITED OFFICIAL USE

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POSSIBILITY OF LABOR-MANAGEMENT NEGOTIATED COMPENSATION FOR THESE LOSSES.

6. THOUGH, ON THE FACE OF IT, GOVERNMENT APPEARS TO HAVE YIELDED ON 2 OF 3 MAIN POINTS, IN FACT LITTLE PROFIT REMAINED IN MAINTAINING A "MANIPULATED" INDEX WHICH NO LONGER DIFFERED SIGNIFICANTLY FROM THE ORIGINAL. NOR WOULD IT HAVE BEEN FEASIBLE IN AN ELECTION PERIOD, AND ON THE EVE OF THE

EXPIRATION OF THE RECOVERY ACT, TO UNDERTAKE LONG, CONTENTIOUS
NEGOTIATIONS PRELIMINARY TO A FURTHER REVISION OF THE
INDEX. BESIDES, GOVERNMENT REALIZED ITS MAIN OBJECTIVE
IN THE ENTIRE EXERCISE-DEFENSE OF THE FRANC, WHICH WAS
UNDER SEVERE STRAIN DURING THE SUMMER. FINALLY, IN
REFUSING COMPENSATION-BUT WITH A SAVING CLAUSE FOR THE
LEAST WELL-OFF AND THE POSSIBILITY FOR NEGOTIATED COMPENSATION
ELSEWHERE-GOVERNMENT MANAGED TO STRIKE A POSTURE OF
FIRMNESS WITH COMPANSSION. FIRESTONE

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